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FOR WHA/BSC AND EB/ABT
USDA FOR FAS/CMP HOWARD WETZEL

E.O. 12958: N/A

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SUBJECT: ARGENTINE AGRICULTURE PRODUCERS STRIKE TO PROTEST
GOA INTERFERENCE IN SECTOR

REF: A. 05 BUENOS AIRES 2303
[1](#)B. BUENOS AIRES 560
[1](#)C. 05 BUENOS AIRES 2408

[1](#)1. (U) This message is sensitive but unclassified, and not
for Internet distribution.

[1](#)2. (SBU) Summary: Argentina's agricultural producers mounted
a four-day strike to protest the GOA's policies toward the
sector, which include export taxes and market manipulation.
Strikers described their action as an attempt to get the
government's attention, and downplayed the likelihood that it
would lead to policy changes. While it is probably true that
the strike will not prompt the GOA to ease up on agriculture,
the action was noteworthy as one of only a few private sector
challenges the government of President Nestor Kirchner has
faced. End Summary.

[1](#)3. (U) Members of Argentina's largest farmer's association
are concluding a four-day strike (July 22-25), during which
they refused to sell or purchase cattle, grain, or other
agricultural inputs and products. The approximately 100,000
members of Confederaciones Rurales Argentinas (CRA) were
protesting GOA policies that they believe harm agriculture in
Argentina. Strikers showed remarkable unity during the
country-wide strike, which spokespersons called an
attention-getting measure that did not seek as an end higher
prices for agricultural products. Still, cattle prices are
up by 13 percent over the past several days.

[1](#)4. (U) Agriculture has long been a sector that Argentine
governments could take for granted -- a steady income
producer with far less political clout than would be expected
(Reftel A). GOA actions over the past year, however, have
pushed producers to protest. Specifically, the GOA increased
export taxes on beef and dairy products (before banning beef
exports altogether for a time -- Reftel B); it has openly
manipulated the wheat/flour market; and it eliminated export
rebates that reimbursed a portion of the VAT tax paid by
producers, somewhat offsetting the export taxes they had to
pay. Those measures have increased GOA revenues and kept
prices relatively stable, both stated GOA goals, but at the
price of producers' margins.

[1](#)5. (U) The GOA has acted to minimize any public relations or
pricing effects of the strike. For example, the number of
cattle sold at the Liniers market, which sets the daily beef

reference price, was considered by many as a bellwether for the strike's success: the fewer cattle available for sale, the more successful the action. The GOA skewed that equation by encouraging producers to send extra cattle to the market on July 21, the day before the strike began, while at the same time using its coercive power to warn supermarkets and slaughterhouses from purchasing cattle that day. As a result, only 15 percent of the 13,000 head entering the market sold on July 21. On most market days that figure is closer to 100 percent. That meant that thousands of animals were available for sale when the market reopened July 24, which allowed the GOA to downplay the strike's effects.

¶6. (SBU) In another public relations move that producers derided as a largely empty gesture, the GOA announced that it would begin to implement its three-year old and heretofore moribund Cattle Development Plan. The plan's details are unclear, but the GOA has said it will make available USD 280 million to provide low interest rate loans and improve the genetic, sanitary, and nutritional resources available to small and medium-sized cattle operations. Producers contacted by the Embassy did not believe any such plan will incentivize further investment in an increasingly regulated sector.

¶7. (SBU) Comment: The significance of this strike lies not in any immediate effect it might have on the prices of agricultural products, but in the fact that it is one of only a few private sector challenges this government has faced. Other such challenges, for example from supermarkets and downstream petroleum companies, have been quickly slapped down (Reftel C). The CRA leadership seems unlikely to buckle so easily, and indeed will be meeting over the next few days

to decide whether to extend the strike. Any such extension would anger a GOA that has shown a clear and increasing desire to regulate the marketplace, and could set the stage for an interesting showdown. End Comment.

MATERA